RESPONSES OF OFFICE ACTIONS

1. As per Claim 1, rejected under 35 U.S.C. 102(b) as being anticipated by Mumick et al. (6,006,207):

Claim 1 is canceled in view of rejection. See attached listing of amended claims.

2. As per Claim 2, rejected under 35 U.S.C. 102(b) as being anticipated by Mumick et al. (6,006,207):

Claim 2 is canceled in view of rejection. See attached listing of amended claims.

3. As per Claim 5, rejected under 35 U.S.C. 102(b) as being anticipated by Mumick et al. (6,006,207):

Claim 5 covers the method of prepayment of a mortgage having associated fixed or adjustable interest rate. A principal step in this method is:

> comparing the outstanding balance of the loan with the time-varying value that the loan obligation would fetch in the secondary market.

Mumick et al. does not teach a method of prepayment of a mortgage having an adjustable interest rate. Moreover, Mumick et al. specifically limits its invention to fixed-interest loans or to the fixed-interest portions of loans (column 2, lines 34-36).

Further, Mumick et al. does not teach the comparison of outstanding value of the loan with the value loan obligation would fetch in the secondary market. Instead, Mumick et al. uses a formula to compute the discounted payoff value, the usefulness of such a formula being limited only to the case of a fixed-interest loan.

I assert that the above listed constitutes substantial and patentable differences and respectfully request that the Office reconsider rejection of claim 5.

4. As per Claim 6, rejected under 35 U.S.C. 102(b) as being anticipated by Mumick et al. (6,006,207):

Claim 6 covers the method of prepayment of mortgage having associated fixed or adjustable interest rate directly to the lender holding the mortgage obligation.

Mumick et al. does not teach a method of prepayment of a mortgage having an adjustable interest rate. Moreover, Mumick et al. specifically limits its invention to fixed-interest loans or to the fixed-interest portions of loans (column 2, lines 34-36).

Further, Mumick et al. does not teach the comparison of outstanding value of the loan with the value loan obligation would fetch in the secondary market. Instead, Mumick et

al. uses a formula to compute the discounted payoff value, the usefulness of such a formula being limited only to the case of a fixed-interest loan.

I assert that the above listed constitutes substantial and patentable differences and respectfully request that the Office reconsider rejection of claim 6.

5. As per Claims 3 and 7, rejected under 35 U.S.C. 102(b) as being anticipated by Mumick et al. (6,006,207):

Claims 3 and 7 cover the method in which a third party acquires a mortgage loan in the secondary market and then makes an offer of prepayment to the borrower. This method is substantially different from that described in Mumick et al., which covers only the steps of interaction between the holder of the loan and the borrower. The Mumick reference cited by the examiner (column 8, lines 39-40) does not suggest the contrary; that reference teaches that the prepayment discount option may be given to the borrower at the time of loan origination in return for a higher interest rate, origination fee, etc. This teaching still covers only the transaction between the borrower and the lender. The method covered by my claims 3 and 7 is substantially different from the cited reference because it teaches the way by which a third party can profit from the positive difference between loan balance and the market value of loan obligation, by acquiring such obligation in the secondary market and offering a discount to the borrower.

I assert that the above listed constitutes substantial and patentable differences and respectfully request that the Office reconsider rejection of claims 3 and 7.

6. As per Claims 4 and 8, rejected under 35 U.S.C. 103(a) as being unpatentable over Mumick et al. (6,006,207) in view of Descloux (U.S. 2004/0128232):

Descloux (U.S. 2004/0128232) has a filing date of September 3, 2003, while my application has an earlier filing date of July 29, 2003. Therefore, Descloux (U.S. 2004/0128232) does not qualify as prior art under 35 U.S.C. 102. By itself, the fact of Descloux (U.S. 2004/0128232) having been filed can only attest to the non-obviousness of my claims 4 and 8.

In view of the above, I respectfully request that the Office reconsider rejection of claims 4 and 8. Please note that claim 4 is identified in the listing of amended claims as "currently amended" only because it would now be referring to the method of claim 3 instead of the method of claim 1 as in original claim.

Sincerely,

Mikhail Bershteyn

January 4, 2008